

Message Text

UNCLASSIFIED

PAGE 01 FREETO 02085 251516Z

42

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 OPIC-06 XMB-04 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00

OMB-01 OPR-02 /112 W

----- 063417

R 251402Z AUG 75

FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 0000

UNCLS FREETOWN 2085

E.O. 11652: N/A

TAGS: EFIN IND EINV SL

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS: SIERRA LEONE

A. STATE 165596 B. FREETOWN 673 APRIL 11, 1974

C. FREETOWN A-38 MARCH 29, 1973

1. INVESTMENT CLIMATE--SIERRA LEONE: RECENT DEVELOPMENTS SUGGEST THAT THE GOVERNMENT OF SIERRA LEONE IS DEVELOPING A GREATER APPRECIATION THAN IT HAS DEMONSTRATED IN RECENT YEARS. OF THE POTENTIAL BENEFITS TO ITS ECONOMY OF DIRECT FOREIGN INVESTMENT. WHILE GOVERNMENT POLICY HAS OFFICIALLY ENCOURAGED DIRECT FOREIGN INVESTMENT, SUBJECT ONLY TO THE STATED POLICY THAT GOVERNMENT WOULD EVENTUALLY ACQUIRE 51 PERCENT OWNERSHIP IN ALL MINING VENTURES, BUREAUCRATIC LASSITUDE AND DILATORY TREATMENT OF INVESTMENT PROPOSALS HAVE FREQUENTLY FRUSTRATED THE EFFORTS OF POTENTIAL INVESTORS, EVEN IN NON-MINING SECTORS. NOW, HOWEVER, THE PRESSURES ON THE ECONOMY FROM HIGHER PRICES FOR PETROLEUM AND IMPORTED FOODSTUFFS HAVE IMPRESSED ON THE GOVERNMENT THE NEED FOR SIERRA LEONE TO INCREASE ITS EXPORTS AND HAVE LED THE GOVERNMENT

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 FREETO 02085 251516Z

TO LOOK MORE REALISTICALLY AT FOREIGN DIRECT INVESTMENT,

INCLUDING INVESTMENTS IN THE MINING SECTOR.

IN THE PAST YEAR. THE GOVERNMENT HAS REACHED AGREEMENT WITH AN AMERICAN-OWNED FIRM ON A RUTILE MINING VENTURE AFTER PROTRACTED AND DIFFICULT NEGOTIATIONS ON TERMS WHICH, IN AT LEAST THIS ONE INSTANCE, CONTRAVENE ITS PREVIOUS INSISTENCE ON THE RIGHT OF EVENTUAL MAJORITY OWNERSHIP. THE GOVERNMENT IS ALSO HOPEFULLY LOOKING FORWARD TO NEGOTIATIONS WITH THE SAME AMERICAN FIRM FOR THE TAKEOVER AND EXPANSION BY THE AMERICAN FIRM OF A PRESENTLY UNPROFITABLE IRON ORE MINING VENTURE. THE GOVERNMENT HAS ALSO RESTATED ITS RECEPTIVITY TO OTHER INVESTMENT PROPOSALS IN BOTH MINING AND OTHER SECTORS, NOTABLY TOURISM AND AGRO-INDUSTRIES. THE GOVERNMENT WOULD LIKE TO ATTRACT INVESTMENTS FOR DOMESTIC PROCESSING OF SIERRA LEONE'S AGRICULTURAL AND MINERAL EXPORTS.

THE STRENGTHENED DESIRE TO ATTRACT NEW DIRECT FOREIGN INVESTMENT WILL NOT NECESSARILY MEAN THE END OF FRUSTRATIONS FOR POTENTIAL INVESTORS. BUREAUCRATIC INEFFICIENCIES ARE LIKELY TO REMAIN A PROBLEM. SIERRA LEONE'S SMALL MARKET AND NARROW BASED ECONOMY (DIAMONDS, IRON ORE AND AGRICULTURAL RAW MATERIALS) OFFER LITTLE ATTRACTION TO INVESTORS OUTSIDE OF MINING, FISHING, TOURISM AND PROCESSING AGRICULTURAL PRODUCTS FOR EXPORT. A SEVERE TRADE DEFICIT, AND INFLATIONARY PRESSURES CLOUD THE ECONOMIC FUTURE, BUT FOREIGN EXCHANGE PROCEDURES PERMIT REPATRIATION OF BOTH PROFITS AND CAPITAL.

2. INVESTMENT STATISTICS:

A. U.S. DIRECT INVESTMENT: NO MORE RECENT FIGURES THAN THOSE REPORTED IN REF C ARE

AVAILABLE. AGREEMENT ON THE RUTILE MINING VENTURE MENTIONED ABOVE WILL, HOWEVER, INCREASE US DIRECT INVESTMENT IN THE MINING SECTOR BY ABOUT \$20 MILLION OVER THE NEXT TWO YEARS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 FREETO 02085 251516Z

B. DIRECT INVESTMENT BY ALL COUNTRIES IN SIERRA LEONE: NO MORE RECENT FIGURES THAN THOSE PUBLISHED IN THE OECD'S "STOCK OF PRIVATE INVESTMENTS BY DAC COUNTRIES IN DEVELOPING COUNTRIES, END 1967 ARE AVAILABLE IN SIERRA LEONE. THESE FIGURES CONTRADICT THE MORE RECENT FIGURES GIVEN IN REF C FOR US DIRECT

INVESTMENT WHICH ARE BASED ON EMBASSY ESTIMATES.

C. DIRECT INVESTMENT IN US BY SIERRA LEONEANS:

NEGLIGIBLE.

SAMUELS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, INVESTMENT CLIMATE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975FREETO02085
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750293-0762
From: FREETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750818/aaaaaqbr.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 14 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 FEB 2003 by ReddocGW>; APPROVED <27 JAN 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE AND STATISTICS: SIERRA LEONE A. STATE 165596 B. FREETOWN 673 APRIL 11, 1974
TAGS: EFIN, EIND, EINV, SL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006